

Message Text

UNCLASSIFIED

PAGE 01 CARACA 11608 222159Z

64

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SUBJECT: SPEECH ON DEVELOPMENT BY MINISTER OF CORDIPLAN

GUMERSINDO RODRIGUEZ

1. IN A ONE AND ONE-HALF HOUR PRESENTATION TO CHIEFS OF DIPLOMATIC MISSIONS AND SELECTED PLANNING PERSONNEL OF GOV ENTITIES, GUMERSINDO RODRIGUEZ, MINISTER OF CORDIPLAN, DISCUSSED THE FOLLOWING:

2. HIGHER PETROLEUM PRICES: HIGHER PETROLEUM PRICES HAVE PRODUCED A CHANGE IN THE INTERNATIONAL LIQUIDITY AND BALANCE OF PAYMENTS PICTURE, AND BECAUSE OF THIS ONE HEARS VERY PESSIMISTIC VIEWS ON THE FUTURE OF THE WORLD ECONOMY. IN THE LONG RUN, HOWEVER, THIS PRICE DEFENSE OF THEIR NATURAL RESOURCES BY THE LDC'S WILL LEAD TO A MORE JUST DISTRIBUTION OF THE WORLD'S WEALTH. HIGHER PRICES FOR RAW MATERIALS GIVES THE LDC'S A CHANCE TO DEVELOP OTHER RESOURCES AND TO GAIN ECONOMIC INDEPENDENCE.

3. SO FAR, THE PHENOMENA OF EQUALIZING WEALTH HASN'T TAKEN PLACE. IN THE CASE OF VENEZUELA, THERE IS PRODUCTION OF OIL, COPPER (SIC), AND UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 11608 222159Z

IRON IN ABUNDANCE. FOR THIS PRODUCTION VENEZUELA RECEIVES MONEY,

BUT MONEY ISN'T REAL WEALTH; IT MUST BE TRANSFORMED INTO REAL WEALTH THROUGH DEVELOPMENT PLANNING AND EXECUTION.

4. DEVELOPMENT: SIXTY PERCENT OF THE 1975 BUDGET WILL BE IN GOVERNMENT INVESTMENT. THE OIL INDUSTRY, WHICH IS NOW ORIENTED PRIMARILY TO PRODUCING ENERGY FUELS, MUST BE TRANSFORMED IN PART INTO A PETROCHEMICAL INDUSTRY. THE IRON MINES WHICH NOW EXPORT GREAT QUANTITIES OF IRON MUST BE TRANSFORMED INTO AN EXPANDED STEEL INDUSTRY.

5. ONE OF THE FIRST METHODS TO BE EMPLOYED IN GIVING OUR GOVERNMENT-OWNED INDUSTRIES INDEPENDENCE AND A SOLID BASE IS CONSERVATION. NEW INCOME WILL BE USED TO FURTHER EXPLORE AND EXPLOIT THE HEAVY CRUDES OF THE ORINOCO AREA IN ORDER TO CONSERVE ON THE USE OF THE LIGHTER MARACAIBO CRUDES.

6. EXTERNAL PUBLIC DEBT AND FOREIGN INVESTMENT: VENEZUELA WILL PAY OFF A LARGE SHARE OF ITS EXTERNAL PUBLIC DEBT IN ORDER TO REDUCE INTEREST PAYMENTS AND TO GAIN INDEPENDENCE FROM EXTERNAL FORCES. SIMULTANEOUSLY, VENEZUELA WILL BECOME AN INVESTING NATION MAKING OTHER NATIONS DEPENDENT ON VENEZUELA AS A CAPITAL SOURCE AND EARNING INTEREST INCOME FROM ABROAD.

7. AGRICULTURE: TWO BILLION BOLIVARES WILL BE INVESTED IN AGROPECUARIA IN ORDER TO CREATE A MORE BALANCED ECONOMY AND ALSO CONSERVE FOREIGN EXCHANGE NOW SPENT ON FOOD FROM ABROAD.

8. URBAN DEVELOPMENT: TWO BILLION BOLIVARES WILL BE SPENT ON INFRASTRUCTURE FOR LAND PURCHASE AND INFRASTRUCTURE PROJECTS FOR BOTH RURAL AND URBAN DEVELOPMENT IN THE INTERIOR OF THE COUNTRY.

9. STEEL AND SHIPBUILDING: SIDOR WILL MODIFY AND ENLARGE ITS PRODUCTION IN ORDER TO PRODUCE STEEL LAMINATES NEEDED FOR THE SHIPBUILDING INDUSTRY WHICH IS TO BE CREATED.

10. AIRCRAFT INDUSTRY: VENEZUELA WILL HAVE ITS OWN AIRCRAFT INDUSTRY. AN ATTEMPT WILL BE MADE TO MAXIMIZE THE PRODUCTION OF AIRCRAFT PARTS IN VENEZUELA, BUT WHAT CANNOT BE PRODUCED DOMESTICALLY WILL BE OBTAINED ABROAD.

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PAGE 03 CARACA 11608 222159Z

11. FOREIGN PARTICIPATION: WE ARE INITIATING SERIOUS STUDIES OF ALL INVESTMENT PROJECTS AND PROPOSALS TO ASCERTAIN WHAT SHARE OF FOREIGN PARTICIPATION WE CAN USE. THE IMPULSE NEEDED AT THE MOMENT IS TO BE FOUND IN PROJECTS WHICH CAN BE REALIZED QUICKLY.

12. SMALL AND MEDIUM BUSINESS: VENEZUELAN ECONOMY IS DUAL STRUCTURED - PART GOVERNMENT OWNED AND PART PRIVATE. THE SMALL AND MEDIUM BUSINESSES ARE NEEDED AS WELL AS THE LARGE

GOVERNMENT CORPORATIONS. MANY SMALL BUSINESS PROJECTS NEED TO BE INITIATED IMMEDIATELY. RESOURCES TO DO THIS HAVE NOT ALWAYS BEEN AVAILABLE. TWO BILLION BOLIVARES WILL BE AVAILABLE FOR PLANNING AND FUNDING THIS SECTOR.

13. MASS TRANSIT SYSTEM: A MASS TRANSIT SYSTEM IS NEEDED FOR CARACAS, BUT THIS IS ONLY A PARTIAL SOLUTION TO THE PROBLEM. THERE MUST ALSO BE A REDISTRIBUTION OF THE POPULATION INTO THE INTERIOR ZONES OF THE COUNTRY. GOV WILL USE TAX INCENTIVES TO ATTRACT INDUSTRY AWAY FROM CARACAS AND TAX AND OTHER DISINCENTIVES TO KEEP NEW INVESTMENTS OUT OF THE CARACAS AREA. IN FIVE YEARS THERE WILL BE A MORE BALANCED SITUATION WITH REGARD TO POPULATION DISTRIBUTION.

14. THE DEVELOPMENT FUND: THE THIRTEEN BILLION BOLIVARES DEVELOPMENT FUND WILL BE SPENT PARTLY FOR INVESTMENTS AND PART OF IT WILL BE HELD AS A RESERVE. ALL SORTS OF PROPOSALS HAVE BEEN RECEIVED FROM THE POORER DEVELOPING COUNTRIES IN LATIN AMERICA. PART OF OUR FUNDS WILL BE INVESTED IN NATURAL RESOURCES DEVELOPMENT IN THESE COUNTRIES. FOR EXAMPLE, IN REFINERIES IN THE CARIBBEAN AREA AND IN PROCESSING BAUXITE TO ALUMINA FOR VENEZUELAN ALUMINUM SMELTERS.

15. HUMAN RESOURCES: THE GOVERNMENT IS CONCERNED REGARDING THE MANAGEMENT AND ADMINISTRATION OF GOVERNMENT CORPORATIONS. A PROGRAM OF SCHOLARSHIPS HAS BEEN INSTITUTED TO PREPARE YOUNG PEOPLE TECHNICALLY. THIS IS AN UNUSUAL EDUCATIONAL CYCLE BECAUSE WE ARE NOT PREPARING YOUNG PEOPLE TO GO OUT AND SEEK JOBS; RATHER, THE JOBS ARE ALREADY AWAITING THEM AT THE END OF THEIR TRAINING AND IT IS THIS SECURITY ASPECT THAT IS NEW.

16. THE GOVERNMENT OF VENEZUELA IS PROGRAMING FOR FULL EMPLOYMENT. DESPITE SALARY INCREASES AND AN EXPANDING ECONOMY WHICH UNCLASSIFIED

UNCLASSIFIED

PAGE 04 CARACA 11608 222159Z

IS SOPPING UP PEOPLE, THERE IS STILL UNEMPLOYMENT. VENEZUELA HAS A STRUCTURAL PROBLEM WITH REGARD TO LABOR. WHAT EXISTS IS TECHNICAL IMMOBILITY - NOT ENOUGH TRAINED PEOPLE.

17. MILITARY CONSCRIPTION MUST BE EXPANDED AND THE BARRACKS USED AS SCHOOLS TO TRAIN BOTH FOR INDUSTRIAL AND FOR MILITARY PURSUITS. MEN COULD BE TRAINED FOR THE AVIATION INDUSTRY THIS WAY, FOR EXAMPLE.

18. PLANNING: RODRIGUEZ SAID WE ARE NOW IN THE PROCESS OF CALCULATING, ANALYZING, AND EXAMINING. WE ARE USING EVERY MODERN METHOD, E.G., COMPUTERS, ECONOMETRICS, ETC. WE ARE PLANNING BY SECTORS AND THEN WE MUST COORDINATE THE PLANS. AS YET WE HAVE NO GLOBAL PLAN. BY THE END OF 1975 WE WILL HAVE A PLAN FOR ALL SECTORS FOR THE 1976-78 PERIOD. OUR JOB NOW IS PLANNING. OUR

METHOD IS NOT TO DIVIDE THE PLAN TO ARRIVE AT A PROJECT; RATHER,
WE ARE DIVIDING THE PROJECTS TO ARRIVE AT A PLAN.

19. RODRIGUEZ ANNOUNCED THAT THE NEXT OF THIS SERIES OF TALKS WOULD
BE HELD ON DECEMBER 5 AND THAT THE MINISTER OF FINANCE, HURTADO,
WOULD BE THE SPEAKER.
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